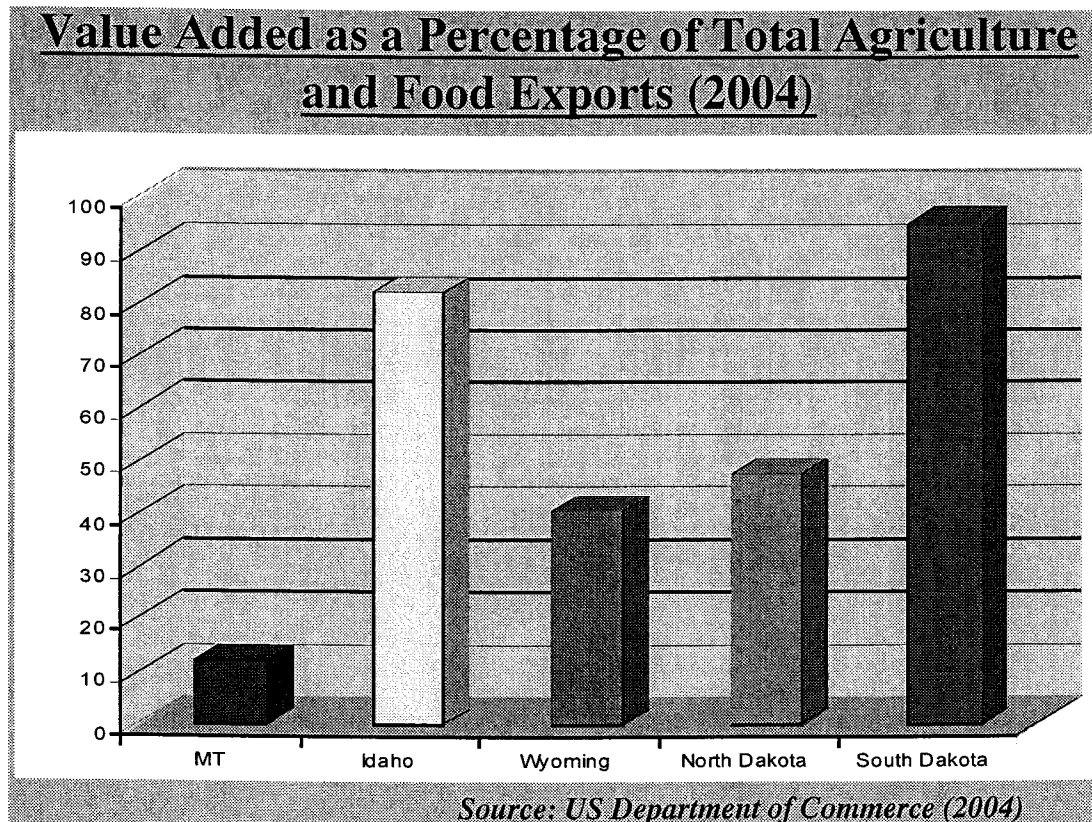


Testimony by Jonda Crosby on behalf of the Grow Montana Coalition  
HB223 To Fund the Montana Agriculture Innovation Center Program

I'm here today as a member of the Grow Montana coalition, a broadbased, nonpartisan coalition of groups supporting development of a vibrant, secure agricultural and food economy for our state.

In speaking in favor today of HB223, I want to share with you a little of what our coalition has learned about Montana's capacity to add value to our agricultural products, and the need for building that capacity. I'm going to refer to a new study commissioned by the Grow MT Coalition and funded by the MT Dept. of Agriculture's Growth through Agriculture Program. The study was conducted by the Montana marketing consultant firm of Kiwi Trade and Business.

Allow me to begin by giving you a sense of how Montana compares to our neighboring states in the percentage of value we add to our agricultural products: [hold up the big copy and point to Montana]



Montana adds just 9% to the value of the agricultural products that leave our state. Contrast that with Wyoming's 39%, or North Dakota's 45%. Idaho and South Dakota add *eight to nine times* more value to their raw products than Montana does!

This is a relatively recent phenomenon: Until the mid-1950s Montana produced a wide range of processed food products in grain, meat, cheese, fruits and vegetables. In fact, Montana was even a *net exporter* of processed fruits and vegetables. We can add to the list sweeteners and beverages.

Because Montana *did* process many of our agricultural products, the state was able to provide nearly 70% of the food Montanans consumed. And food processing was our *number one employer*.

Today, Montana provides only an estimated 7-10% of the food Montanans eat, and food processing employment data are no longer even kept for our state because it is below 1%. Most of the **\$3 billion** Montanans spend on food annually are leaving our communities and our state.

So what happened? As we shifted from processed food production to the production of raw bulk commodities for export in the 1950s, we began losing our processing and distribution infrastructure. We also lost much of the entrepreneurial culture we had in our rural communities.

Because Montana is enjoying the worldwide trend toward eating more local food, we are now faced with not being able to meet the fast-growing demand for Montana-produced food products. Montana's farmers, ranchers and food entrepreneurs need the kind of support now that our regional agriculture innovation centers can excel at--support which can lead to the development of community-based food and agricultural businesses so badly needed in rural Montana.

According to the Grow MT study authors, the product sectors boasting the best short-term potential are: processed meat, produce, bakery, and specialty processed dairy, like cheese and yogurt. To take advantage of this potential and develop additional potential, they make the following recommendations that Montana:

- target the product sectors I just named;
- target producers and processors that have a genuine capacity to supply high quality food at competitive prices;
- initiate efforts to build Montana's food processing infrastructure and value-adding activities;
- encourage producers to group together to market and distribute;
- engage all supply chain participants, from farmers to distributors to buyers;
- learn from other examples of best practices;
- develop new test programs and show they work, and
- develop outreach and education programs.

HB 223 provides a good start toward tackling these recommendations. The MAIC program was a good idea when Congressman Rehberg sponsored and Congress passed it, and the Grow Montana Coalition thinks the state ought to keep it going here. The evidence that is it needed is only growing. Your vote for HB223 is a vote in support of revitalizing Montana's agricultural and small business economy.

Thank you for your time.